



GMR

MARKETING

Gary M. Reynolds & Associates, Inc.

April 7, 1999

SENT VIA FAX

Ms. Kathy Strobel
Ms. Mary Jo Gennaro
Mr. Steve Sampson
Philip Morris U.S.A.
120 Park Avenue
New York, NY 10017

Dear Kathy, Mary Jo and Steve,

Thank you all very much, as well as the brand group and finance, for meeting with us yesterday to clarify some of the issues you have regarding the Parliament budget. Attached is a budget revision that reflects the points below. We are committed to reaching a final agreement quickly and amiably, and have attempted to be as accommodating and concise as possible within this short timeframe.

- Regarding Shelby's request to look at market manager fees for 1995 and 1996, I cannot find those easily. They were not broken out that way in the contracts at that time and we would have to do some serious digging to find them in our files at the warehouse. Therefore, we're conceding that those items can be lower and are asking you to consider the following: regional manager, \$725; market manager, \$600; assistant market manager \$500. I believe this better reflects Brian's comments but let me know if you feel otherwise. We feel an obligation on this subject to mention two things: again, to remind you that these items weren't increased from 1997 to 1998 and, of more importance, the level of responsibility of these individuals has increased greatly. It is presently more important than ever, to GMR and PM, to ensure that these individuals are of the highest caliber.
- I spoke to Heather Gaccke, who has been booking our PM field staff for over two years, and I think we'll be fine without the 15% in the budget, if \$19 remains the hourly rate. We would bill this back to you at cost. I asked Heather how many agencies still levy the 15% and she has been working on getting an all inclusive rate from everyone. The northeast is the more expensive area of the country and that's the heart of the Parliament program. Many of the higher rates there are off-set by lower Florida rates, for this particular program. We are sourcing surveyor staff through modeling agencies, with the exception of some staff in the northeast and a good many in Florida who are direct hires.

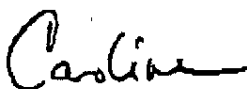
2071184509

Page Two
April 7, 1999

- As for additional work in 1998 not covered in the concept payment made, we are not requesting any further compensation. GMR has always been and will continue to be a strategic partner to the Parliament brand group and the events group. There were several meetings and presentations between September and December and I've attached a topline recap of events, per Shelby's request. For your information, we received a contract for concept development on October 22nd for \$5,000 and payment was made on December 22nd. I'm unaware of any further payment of \$5,000 and it doesn't show up in our accounting files, nevertheless, I could be incorrect.
- The only other change to the expenses was an increase from 20 to 23 market checks for GMR corporate, as agreed.
- As for GMR's fee, attached is a document that will give you a percentage breakdown for internal support, as well as a list of items/staff that are included in non-billable overhead. Also contained on that sheet are the changes we are making to our internal staffing to adjust the management fee down — again, hopefully in line with Brian Colby's goals.

Thank you again for your time and consideration. We are looking forward to charging ahead as quickly as possible and making PPZ a reality in a very short time! As always, please call me with any questions.

Best regards,



Caroline M. Petty
Senior Vice President

Cc: G. Reynolds - GMR
C. Belmore
V. Geraghty
S. Weeks

2071184510

Gary M. Reynolds & Associates, Inc.
2725 South Moorland Road, New Berlin, Wisconsin 53151 414.786.5600 Fax 414.786.0697